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The Nation's Call for Thrift

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IN the older days of railroading a sign stood guard at every crossing on which were the words, "Stop, Look, Listen." Evidently this positive command has been forgotten in railroad circles, and elsewhere for that matter, for the traveller is now informed that it is a railroad crossing which he is approaching, the "Stop, Look, Listen" being taken for granted as part of the functioning of a reasoning human being. Pretty much the same attitude appears to be the rule in other departments of activity. Everywhere are advertisements setting forth the attractiveness of goods and nicknacks as the desirable things to exchange for money. So the world goes on piling up consumption goods and the people buy without thought of the future. It is in reality high time to put up the sign "Stop, Look, Listen" over every door in the land.

Perhaps such a statement needs explanation. It may even appear dogmatic—it probably is—but the purpose of an opening paragraph is acknowledged if attention has been attracted to the real import of the statement. In the face of the demand for higher wages, more rents, larger prices and all the rest of the phenomena now familiar to the student, every citizen is demanding more in order that he may meet the cost of every day living. This in itself is the natural way out of personal difficulties, but when multiplied by thousands of instances, the mass of people are no nearer the end of their troubles than before. In fact, new demands

leave the problem just as unsolvable as before.

PRODUCTION THE BASIS OF PROSPERITY

It hardly seems necessary in the Year of Grace 1919, to set forth the simple principle that production of goods for human needs is the only way in which human wants, and as a consequence, higher wages and better living, can be met. Yet all the evidence points to the conclusion that the principle has been forgotten. More wages in money will help one person, why not the same for all?

When Robinson Crusoe sat in his cave inventorying his possessions, he came upon a bag of gold in a great sea chest. Looking at the gold sovereigns so worth the while in civilized England, he gave utterance to the remark, so Defoe tells us, "Sorry, worthless stuff." And it was to him. He couldn't buy anything with it; he couldn't use it in any way that he thought worth while; there were no human beings who were willing to exchange it for goods, because other people would take it from him for their goods. So it laid in the chest forgotten for years. Our civilized societies are in the reverse conditions. Men have money, but the goods are not there in the quantity necessary for the needs of the world. Strikes are not likely to produce more goods, and extravagance in their consumption will not bring them into existence. Where then are we?

The agencies of production are labor, capital, land and management. No prolonged endeavor can go on for any

great length of time without all of these agencies. Labor must have food, but food requires labor, land and capital for its production. Only in the last 100 years has the world accumulated any great quantity of capital, and no inconsiderable amount of that has been wiped out by the Great War. The disasters of nature dog the steps of man, and place heavy burdens upon him. The pests destroy his crops, and winds drive his fleets on rocky shores. Against all of these, he struggles bravely and hopefully. The War, however, has swept some countries bare; billions of capital have been destroyed, and millions of lives were given over to the god of war. The impress of all of this has not yet been made upon the world. We must come to thrift, economy and hard work to restore the world to the place where it was in the year 1914.

THE CONSUMPTION OF WEALTH

Growing Demand for Consumption Goods

With some danger of repeating what has already been said, it is worth while to rub the lesson in. We must grasp the idea that man is not free to go on indefinitely consuming; he soon encounters powerful influences, which work against the increasing of product without increased labor, effort, more capital, and better organization. "The more food and clothing, fuel, and other material goods we require, the further we have to go for the material, and the harder it is to get; we must plow inferior lands yielding smaller crops, we must sink deeper shafts for our coal and iron. As our population grows ever larger, and this larger number wants more and more pieces of the earth to feed its machines and turn out the increased quantity of goods, the drain upon the natural resources is

constantly increasing. The material world is limited; in time, nature will become exhausted, and long before this happens, the quantity of human labor required to raise the increased supply of raw material in the teeth of the Law of Diminishing Returns will far exceed the economies attending large-scale production."

The population of the United States is now more than 100,000,000. From the point of view of consumption and the supplying of wants, this means a great and growing demand for food-stuffs, higher land values, smaller exports of food products, and larger imports of materials for manufacturing. Progressing at this rate the growth of population in the United States will necessitate the taking up of the waste places and the introduction of an era of intensive cultivation with higher efficiency in production. Conservation of natural resources also must reach the stage of an economic necessity, and interest in that subject will no longer be deemed a fad as is often the case at present. But against this necessity of labor is the constant retarding forces of nature, and the foolish tendencies of men to fritter away their patrimony.

Consumption by Forces of Nature

From time to time a vast amount of wealth is destroyed by storm, fire, and flood. A tornado on the Great Lakes and the east coast of the Atlantic not long ago drove hundreds of vessels ashore, drowned many men and destroyed valuable cargoes. In 1913 a storm on the Japanese coast, accompanied by a volcanic eruption, killed thousands of people and destroyed the property of many more. The report of the engineering division of the War Department states that the annual loss from floods in the United States aver-

ages \$50,000,000, and in the Ohio flood in 1913, the loss to railroads, cities, and private individuals amounted to hundreds of millions.

Losses by fire add to the appalling aggregate of wealth destruction. In the year 1916 the fire losses in the United States amounted to \$168,905,100, and despite the efforts of the insurance companies and other agencies to limit the size and frequency of fires, the absolute amount of waste has declined but slightly. The newness of some parts of the country, the absence of regulations for building in many places and the failure to provide first-class protection against fires, gives the United States a per capita fire loss which is from five to six times as large as that of any of the leading European countries.

Irving Fisher, in estimating the cost of the annual charge against the country for illness, places the figure at \$1,000,000,000. Probably \$660,000,000 of this cost is attributable to tuberculosis alone. Dr. L. O. Howard, Chief of the Federal Bureau of Entomology, says that malaria alone costs the country \$100,000,000 annually, while Dr. George M. Kober of Georgetown University, thinks that \$350,000,000 is a conservative estimate of the annual loss from typhoid. Diseases of plants and animals cause losses of millions of dollars every year by destroying products or impairing their value.

Consumption by Acts of Man

It is essential that some comment be made upon the acts of men themselves which affect the consumption of wealth, as distinguished from the acts of nature. The European war furnishes the most forceful instance in all history of the destruction of wealth

through force. Among the direct costs of the war are to be enumerated loss of property, cost of the army, seizure of raw materials, and other direct losses to governments and cities. The indirect costs include losses of agricultural and industrial production, of interest on investments, of earnings from shipping and banking and of profits of insurance and mercantile houses amounting to billions of dollars.

An economic depression due to the destruction of capital and wealth invariably follows war and causes a scarcity of food that brings about more deaths than the actual fighting. The fact is that even in civilized lands the resources of many are so scanty that an increase in the price of bread falls heavily upon the population.

In direct contrast to the expenditures for war are the amounts which are spent by governments, individuals and private associations for social amelioration and betterment. These comprise two classes; compulsory and voluntary expenditures.

The first class includes the outlay for expenses incurred by the different divisions of the government for services, such as the salaries of civil servants, police, soldiers, and judges and those for the general conduct of government. Military and naval defense is included in this group. Postoffices, telegraph lines and railroads, when owned by the government, supposedly pay for themselves, since the users return the cost of service.

Voluntary expenditures include the outlay for countless social and philanthropic agencies, both public and private. At one of the meetings of the American Academy of Political and Social Science, according to the American Year Book, for 1913 (p. 46), the art of giving was discussed as an exact

science. The reader of the paper declared that in 1912, perhaps the most notable year, gifts totaling nearly \$267,000,000 were reported by the press, and that for the twelve years preceding, the annual total of notable gifts had exceeded \$100,000,000. This statement tells something of the extent to which consumption for social purposes may be carried voluntarily.

The latest estimates of the yearly consumption of liquors and tobacco in the United States reach the enormous figure of \$2,830,000,000. Of this sum \$1,200,000,000 is spent for tobacco and \$1,630,000,000 for malt and spirituous liquors. The total gives an almost incredible per capita figure of \$28.00. In the fiscal year 1916, there were withdrawn for consumption in the United States 136,000,000 gallons of distilled liquors and a little more than two billion gallons of fermented liquors. Our consumption of coffee, tea and sugar has come to surpass that of any other nation, and they have been made a part of every family's diet. By unthinking individual consumption the magnitude of the social burden is materially increased. When a goodly portion of the individuals' consumption is governed by habit, the charge becomes practically fixed.

The nation's drink bill is often compared with the cost of government, but the nation's tobacco expenditures, while not so large as the liquor cost, were four times the amount spent on the Army and Navy before the war, and then, too, through the carelessness of smokers, thousands of dollars worth of property is destroyed each year. The amount spent annually for tobacco is three times the cost of the Panama Canal.

FACTORS AFFECTING INDIVIDUAL EXPENDITURE

Social Custom—The standard of dress affects taste and cost. What is termed fashion has come to set standards of living in food, clothes, and housing. Conformity to these standards is looked upon as a test of social standing, and thus the modern society is bound in many ways by the restrictions and limitations it places upon itself, which in turn affect individual expenditure.

For several years the public prints have been filled with comments upon the rising cost of living. The cartoonists have exercised their skill in depicting in humorous fashion, the ideas in vogue about living and its costs. The higher cost of living as compared with earlier days is due to a rising standard in the common life of the people, seen in better housing, more attractive clothing, higher qualities of food, and in the larger variety of amusements demanded by every class of the population.

Pressure of Population on Food Supply—In addition to the rise in the standard of living, there is another and more immediate cause for the increase in the cost of living, which is to be found in the pressure of the population upon food supply. Agricultural products have not grown in quantity commensurately with the needs of the population. The number of cattle has decreased not only in proportion to the population, but absolutely; in the past five years the increase in tilled acreage was 9 per cent and the increase in population 14.5 per cent. The United States, once a great wheat exporting country, now uses in normal times practically all of its grain for home consumption. These facts point to a rising demand without a corresponding

growth in product. The result is, as a matter of course, higher prices.

Change in Value of Money—Besides the influence of under-production upon supply, there is another, that of the money standard, which during the past twenty years has been changing in value under the influence of increasing supplies of gold and securities. In like manner an enlarged credit, due to the material growth of the basis of credit, gold, has had its influence upon the purchasing power of the dollar, with the result that the dollar is not now able to command in return as great an amount of commodities as formerly.

THE NEED FOR INCREASE IN CAPITAL

Read in the light of the present, this is an overwhelming category of consumption in a civilized society. It is bad enough in normal times. To it has been added individual prodigality, the refusal of labor to work as of old, and the very discouraging burden of war expenditures. In a recent speech before the House of Commons Lloyd George said: "The aggregate direct cost of the War was \$200,000,000,000. If 40,000,000 able-bodied young men were to take holiday and be withdrawn from the task of production for four years, and if during that period £1000 were placed at the disposal of each, you would have some sort of notion what a

war on this gigantic scale means." Dr. Rowe, formerly assistant Secretary of Treasury, said: "It is evident to every student of the world situation, that the sum total of productive goods, raw materials, tools, implements, machinery, etc., is today insufficient to meet the pressing needs of mankind. The amount of available capital at any one time is limited, and at no period in the life of this generation has it been limited as at the present moment." "The fate of Europe is balanced on a knife edge," wrote Mr. Frank Vanderlip recently. There is only one way out, and that is saving, and with the capital so created, produce, produce, produce.

The world is poorer, much poorer than it was in 1880. The generation now coming on, faces a less pleasing prospect than the one that is passing. What is more disturbing is the lack of habits in the new generation for hard work, and thrift. Faced with the most serious problems, the hope of the world is to be found in a productive people, who know how to produce, who appreciate the great power of thrift, and who are willing to forego the pleasure of the present because they know that capital is the result of saving, and that labor without capital is a blind man groping in the dark. The times call for all of us to "Stop, Look, Listen," and having done that, to work and save.